Understanding the role of organizational design in fostering long-term dynamic capabilities: a longitudinal case study

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Abstract

Purpose – Organizational design has been suggested as a facilitator of an organization’s dynamic capabilities. This study aims to investigate the role of organizational design in the concept of dynamic capabilities and explores how it facilitates long-term dynamic capabilities in practice.

Design/methodology/approach – Empirical data were collected via a longitudinal case study conducted at a global company engaged in the development and manufacture of railway equipment. Specifically, this study focused on one of the organization’s sites in Sweden for a period of approximately five years.

Findings – Organizational design has a twofold impact on dynamic capabilities, functioning as both a facilitator and an impediment. It is essential for structures and processes to align with the available resources and capabilities of an organization. Moreover, managers’ beliefs and decision making significantly influence the extent to which organizational design choices effectively foster dynamic organizational performance.

Originality/value – This longitudinal case study contributes to the theory of dynamic capabilities by identifying key changes in an organization that is transforming to become more dynamic and the impact of organizational design on the organization’s dynamic capabilities.

Keywords Case studies, Dynamic organizations, Dynamic capabilities, Organizational design, Organizational change

Paper type Research paper

Introduction

This study focuses on dynamic capabilities and how organizations adapt to environmental change. Empirical data were collected longitudinally from a global company engaged in the development and manufacture of railway equipment – specifically, one of the organization’s sites in Sweden – for approximately five years. Abductive reasoning was used to determine how to understand, explain, and resolve a company’s contemporary challenges. The
research is phenomenon-driven; therefore, as the circumstances within the organization change, so does the study focus.

Studying the process of change as it unfolded in real time culminated in an understanding of how different factors contribute to an organization’s ability to manage change, and resultingly, develop dynamic capabilities. However, it also highlights the areas that must be addressed to continue the process toward a dynamic organization. One of the main challenges is understanding the value and utility of the organization’s resources, the context in which that value is created, and how to organize dynamic capabilities.

Dynamic capabilities refer to the capacity to sense and shape opportunities and threats, seize opportunities, and reconfigure assets and structures to address changing business environments (Teece, 2007). While Felin and Powell (2016) highlight organizational design as a crucial enabler of dynamic capabilities, Worren (2016) emphasized the lack of an organizational design methodology and proposed a tool for mapping an organization’s capabilities to specific design parameters. Therefore, the objective of this study is to investigate the role of organizational design in relation to the notion of dynamic capabilities.

Schwarz and Stensaker (2014) suggest that the increasingly dominant focus on theory in change research has advanced the field, but at the cost of practical implications. Martynov and Shafti (2016) claimed that existing theories of sustainable competitive advantage – such as a resource-based view and dynamic capabilities – show a disconnect between theory and empirical research, particularly regarding long-term performance. Schwarz and Stensaker (2014) compare a narrow approach to theorizing to a figurative straitjacket that hampers real progress in knowledge; instead, they recommend phenomenon-driven research as a correction. This echoes Greenwood and Miller’s (2010) call to address design in organizational studies, an area that has long been hampered by the complexity of design. Their suggestion of the conjoint application of a resource-based view with other theories also goes against the idea of preserving theoretical purity to obtain better results. Whether theoretical purity is better than explanatory power is at the heart of the current debate; this longitudinal case study asks the same question.

Based on this logic, the research question is formulated as follows:

**RQ1.** How can organizational design enable long-term dynamic capabilities?

**Theoretical background**

**Dynamic capabilities**

Organizational capabilities can be described as the socially complex routines that determine the efficiency with which firms physically transform inputs into outputs (Collis, 1994). Dynamic capabilities form part of organizational capabilities and can be regarded as an extension of the resource-based view (Helfat and Peteraf, 2003); the difference, however, is that the resource-based view primarily addresses a firm’s existing resources, whereas the dynamic capabilities view emphasizes the reconfiguration of resources (Schilke, 2014).

According to the resource-based view, it is not products, but rather entire systems of production, that compete in the market. Firms can create long-term competitive advantages and attain superior performance, based on their idiosyncratic resources and capabilities that are valuable, rare, inimitable and non-substitutable (VRIN) (Barney, 1991). However, this perspective has been criticized for being static and not considering the dynamics of changing environments (Wilden et al., 2016). Hence, one weakness of the resource-based view is that it does not pay enough attention to context (Dixon et al., 2014). It has been suggested that dynamic capabilities have a positive effect on competitive advantage, especially by creating better matches between the configuration of a firm’s resources and external environmental conditions (Schilke, 2014).
Teece and Pisano (1994) and Teece et al. (1997) introduced the concept of dynamic capabilities, defining them as "the firm’s ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments," (Teece et al., 1997, p. 516). Many alternative definitions have since been proposed. Based on the initial definition, Teece (2007) disaggregates dynamic capabilities into the capacity to sense and shape opportunities and threats, seize opportunities and maintain competitiveness by enhancing, combining, protecting and reconfiguring a company’s intangible and tangible assets. Teece (2014) also describes dynamic capabilities as higher-order capabilities, based on resources that meet the VRIN criteria and on processes that are beyond best practices, called signature processes. Signature processes are built over time, exhibit path-dependency, and may incorporate foundational resources and capabilities (Arikan et al., 2022). Because dynamic capabilities enable organizations to integrate and reconfigure skills, resources and functional competencies, they act as the foundation of a firm’s ability to respond to environmental change (Dixon et al., 2014).

Organizational design
An organization is a group of people united by common goals with existing procedures or guidelines to coordinate their efforts and realize these common goals (Jacobsen and Thorsvik, 2014). A focal interest of organizational theory is inevitably the understanding of how to organize people and resources to collectively accomplish desired ends (Greenwood and Miller, 2010).

Organizational design is a systematic approach that aligns structures, processes, leadership, culture, people, practices, and metrics to enable organizations to achieve their objectives (Burton and Obel, 2018). The choices made in organizational design will affect who interacts and communicates with whom and who has decision rights over what (Barney and Felin, 2013). Greenwood and Miller (2010) propose that the study of organizational design has been neglected, despite its critical importance. This is partly because of the complexity of many of today’s organizations and a narrow theoretical scope for understanding parts of the overall organizational design.

The dynamics of a production system can be described in terms of the interplay between change, creativity, exploration, and effectiveness on the one hand, and constancy, control, exploitation and efficiency on the other (Fundin et al., 2021). Both, efficiency and effectiveness are goal-oriented practices related to achieving success, wherein efficiency looks at maximizing output for a given level of input, while effectiveness refers to achieving the goals and objectives (Jugdev and Müller, 2005). Colloquially, efficiency is known as doing things right, and effectiveness as doing the right things. Organizations can, to different extents, be efficient, effective, both, or neither. Organizational designs prescribe how organizations should be structured to function effectively and efficiently (Burton and Obel, 2018), and are best understood by characterizing their overall architecture, including their structures, systems, processes and central tasks (Greenwood and Miller, 2010). Organizational structure can be described in terms of the organic-to-mechanistic dimension. The mechanistic and organic forms of structures differ in terms of tasks, control, communication, organizational knowledge, governance, values and prestige (Nandakumar et al., 2010). Mechanistic structures are characterized by attributes such as centralized decision making, strict adherence to formal rules and procedures, tight control of information flows, and carefully constructed reporting and workflow relationships. Contrarily, organic structures are characterized by decentralized decision making, organizational adaptiveness and flexibility, open communications, and the de-emphasis of formal rules and procedures (Slevin and Covin, 1997). Whether the organic or mechanistic
Managerial capabilities
All organizations have management structures that determine the relationships between different activities and members, and subdivide and assign roles, responsibilities and authority to perform different tasks (Burton and Obel, 2018). Traditionally, top managers are assumed to design organizations; however, more dynamic organizations elevate the role of middle managers as a strategic link that connects macro- and micro-levels in organizations, thereby ensuring continuous adaptation to changing environments (Livijn, 2019). As organizations and their environments become increasingly unpredictable, they require real-time creative design (Van de Ven et al., 2013). At the same time, organizations tend to become more formal and gain more levels of authority as they mature, resulting in structures and cultures that inhibit innovation and change (Kekäle et al., 2010).

The structure and coordination choices are not independent, because once a structure is chosen, the coordination choices for achieving a good fit are limited (Burton and Obel, 2018). Relying on structure and experience can result in inertia, which can be particularly problematic when environmental change is frequent and discontinuous (Schilke, 2014). Without an organizational culture designed to endure high levels of internal change, caused by changes in the environment, departure from routines that help sustain continuity might lead to heightened anxiety within organizations (Teece, 2007). According to Eggers and Kaplan (2013), the likelihood of organizational action increases with managerial attention to new opportunities; however, when potential opportunities conflict with the organization’s identity, they are typically disregarded. They further explain that the source of inertia is often not a lack of capabilities, but rather failures to connect these capabilities with the possibilities created within the environment. To develop processes that support dynamic capabilities, managers must learn to rely on the characteristics and judgments of people, as they work both individually and in groups, as managing solely on routines, systems, incentives, and impersonal structural mechanisms is insufficient (Felin and Powell, 2016).

To further explain differences in managerial decisions, Adner and Helfat (2003) introduced the concept of dynamic managerial capabilities, defined as the capabilities with which managers build, integrate, and reconfigure organizational resources and competencies. This concept focuses on the managerial impact on strategic change (Helfat and Martin, 2015). Importantly, the managerial skills needed to sense are quite different from those needed to seize or reconfigure (Teece, 2007). Previous research indicates that managers have difficulty transferring their knowledge structures from one context to another, it also suggests, however, that managers with prior experience in changing markets and organizations are more likely to develop knowledge structures that can be applied in multiple contexts (Helfat and Martin, 2015).

Particularly in turbulent environments, the role of managers’ beliefs and their ability to use those beliefs to mitigate internal inertia and organizational barriers become important (Coltman et al., 2008). Outcomes are contingent upon what managers decide to do with their organizations’ capabilities (Eggers and Kaplan, 2013), and one central issue to consider is that resources would likely generate little benefit if managed by individuals lacking the competence and ability to appreciate the usefulness and value of resources and how they satisfy organizational objectives (Katkalo et al., 2010). The ability to create matches between a configuration of resources and the environment requires an understanding of the utility of the resources and how they match external conditions; this is because value is derived from
the fit of resources with the external environment (Brouthers et al., 2008). However, a more dynamic view of organizational design shifts the analysis from fitting with the external environment to adapting to changing organizational and environmental landscapes (Van de Ven et al., 2013). Increasing environmental complexity requires greater organizational flexibility, and therefore, new forms of organization (Livijn, 2019).

Methodology

A longitudinal single-case study design

The company in this case study is a global railway manufacturer, and the division investigated developed and manufactured propulsion and control systems for global customers. This study began when an opportunity arose to collaborate with the project manager of an internal business development project at the case company – specifically, at one of the organization’s sites in Sweden. The research was planned as a longitudinal single-case field study and is based on one of the rationales for a single-case study described by Yin (2014); based on this rationale, the same case is studied at two or more different points in time to determine how certain conditions change over time. The unit of analysis is the process of change unfolding in real time.

The initial aim of the project was to reduce the lead time of customer projects by 30%. During the study period, the objective to increase the efficiency and effectiveness of order projects remained, but the strategies and methods to achieve it changed to modularization of the product. As the circumstances within the organization change, so does the study focus.

Products are designed to fit each customer’s specific needs; thus, most projects have new product features. As illustrated in Figure 1, the context of product development projects shows several levels of impact from customers and the external environment. For most projects, the direct customer is the company’s internal division for complete rail vehicles; however, this customer can also be external.

The end customer is influenced by external factors, such as the infrastructure of the country in which the trains operate. Moreover, political, environmental, technological and

Figure 1.
The levels of impact driven from customers and the external contextual environment

Source: Own representation
legal factors influence infrastructure and business conditions. The external factors that lead to changes in product development project requirements are driven mainly by end customers.

**Research design**

Based on the view that theoretically and practically useful research on change should explore the contexts, content and process of change, together with their interconnections through time (Pettigrew, 1990), data were collected using a longitudinal field study design over five years. In addition to the author being present in the organization, three topic-specific and time-limited studies were performed, resulting in a combination of retrospective and real-time analysis. Longitudinal field studies imply that researchers study change processes as they unfold in real time, with the researcher present within the organization (Ahlström and Karlsson, 2016). This was possible through a collaboration between the author and the company. Being associated with the company involved taking part in internal improvement projects, which enabled the researcher to access internal documents, collect data through interviews and observations, and attend meetings either as an active part or as a passive observer.

As the research was phenomenon-driven and the object of the study was the organization, not individual behaviour, the respondents changed to fit the purpose of the study at different timepoints. Overall, the research was a process of abductive reasoning, alternating between theory and empirical observations, whereby both were successively reinterpreted in light of each other (Alvesson and Sköldberg, 2009).

**Observations and document analysis**

Data were continuously collected via general observations, participant observations, and document analysis, throughout the five years of the study. Data collection included pulse meetings with the customer project teams, a workshop with project managers, project steering group meetings, product development project meetings, informal meetings and discussions with employees at different levels of the organization. Observations were documented during meetings, workshops, and discussions, and included researchers’ own subsequent recorded reflections. Findings from observations and document analysis served as input when planning and designing the interview studies, workshop, and questionnaire.

**Interviews and workshops**

During the first year of the study, data were collected through 10 semi-structured interviews, followed by one workshop. Respondents were 10 project managers and 4 technical project managers from ongoing product development projects. Workshop participants were five steering group members at management level. The interviews and workshop were aimed at 1) investigating the current state of the product development process, to acquire an understanding of the product development performance and identify areas for improvement, and 2) to analyse previous initiatives for organizational development and improvement.

Data were also collected through nine semi-structured interviews with respondents from engineering, operations and procurement in the last year of the study. Six respondents were from management or middle management level. The interviews covered the primary drivers of the current organizational transformation from a project focused organization towards a product focused organization, the intended value and effects of the change, how to manage the change and standardize the product, and who should be responsible and involved in the process. The findings were analysed using the Gioia methodology (Gioia et al., 2013).
Questionnaire

Approximately one and a half year after the first interviews, data were collected using a questionnaire directed at project managers; there were 17 respondents. Aiming to further explore assumptions based on observations, together with the results of the first interviews, the questionnaire covered project characteristics, project process and planning, uncertainty and complexity, managing the project and project success. The questionnaires were completed during one of the project manager’s regular meetings; therefore, all respondents answered the questionnaire at the same time and had the opportunity to ask the researcher questions in case of any uncertainties. The results were analysed in relation to one another, to highlight paradoxes. Differences among respondents were compared, as were contradictory responses by individual respondents.

Empirical findings

Difficulties in following the stage-gate model

The aim of the organization’s project, as studied in the early phase of the research project, was to reduce the lead time for customer-specific product development projects by 30%. The company faced increasing challenges in keeping up with market demand and customer-specific products, resulting in organizational complexity and inertia. As product development was undertaken for each order, with an urgency to get the product to the customer, there was limited time and resources to invest in product innovation. Although the development and testing of new technical concepts had to be performed as part of order projects, customers were simultaneously expecting reliable technology, often forcing developers to return to older technical concepts to meet deadlines. Given these constraints, the company aimed to reduce lead-times to make resources available for off-cycle development and innovation.

Order projects use a stage-gate model for internal coordination and control. Although project managers described this stage-gate model as well designed, it is difficult to follow strictly, because of the many changes during the projects.

An increasing focus on developing internal control without considering external factors

Another issue identified was the attempt to use general best practices, without considering the organization’s unique qualities. Two separate consulting projects managed by two different consulting firms suggested that front-loading projects would lead to significant improvements. The organization put considerable effort into attempting to implement front-loading and proactive methods to reduce the number of late changes in projects. This was accepted without questioning whether it was a suitable approach for the organization. Benchmarking was also undertaken, with companies from different industries working under different conditions to apply best-practice working methods, without reflecting on the differences. The main finding was an increasing focus on developing models and processes for product development that focused on optimizing internal controls and coordination, without considering the impact of external factors affecting the organization. The stage-gate model should support the project team as the project progresses; instead, it appears to create bureaucracy and include too much non-value-added work. Project managers stated that the stage-gate model was difficult to work with, especially because it was not suitable for the many changes arising throughout the project. Nonetheless, the general opinion was that the model was well designed, and the focus should be on attempts to follow it even more strictly.
Contradictory opinions and process design
The results of the questionnaire emphasized contradictory opinions within the organization. Project managers showed a great willingness to manage and control projects according to a predetermined process design, even though they found it difficult, while some saw the need for reactive methods to handle environmentally-driven changes. Further, documents that were surveyed showed process descriptions with the view of being perfect. One example is a process description stating that if the process is executed exactly as described, nothing can go wrong. The processes were expected to produce the same result, regardless of who was doing the work. With the stage-gate model being regarded as the right way to manage projects, some project managers blamed themselves for issues related to difficulties in strictly following it.

The main finding of this phase of the study was that the documented work descriptions for customer projects described processes without considering who would be doing the work, what competence or experience each individual had, or the combined competence and experience of a project group.

A change of focus and a change of mindset
In the last year of the study, when the plan for the final interviews was outlined, the author spent some time at the company and met with key individuals to discuss their current situation. These meetings resulted in the researcher observing that critical changes had occurred in the organization.

An initiative to change to a product-focused organization with a modularized product design was in effect, mainly driven by one engineering middle-manager, who had previously questioned the former focus on processes without considering the people working with them. Investigations and considerations of the interfaces between different functions of the organization started. Common terminology was also created to improve communication between functions. However, the manager realized that the greatest challenge would be the organizational change, from a project focus to a product focus.

The final interview study was based on the current direction of the company. A change in mindset within the organization became evident during these interviews. The institutional behaviour from the past that favoured strict processes and control was now being questioned. One engineering manager stated, “The organizational structure we had did not work. It was too old fashioned and rigid.” Furthermore, an operations manager questioned the previous strong reliance on process design, pointing out that – owing to the lack of organizational learning – the likelihood of solving unexpected issues greatly depended on the skills and previous experience of the individuals in that specific project team. The overall impression from the interviews was that both managers and other employees were convinced of the need to change, and to work in a new manner. In their interview, one manager emphasized the importance of management support: “A manager must create the conditions for the employees to do a good job.”

Organizational design as an enabler of dynamic capabilities
When returning to the start of the longitudinal study and comparing the initial state of the organization with the current conditions, the main observation was that there had been a change from what had been perceived as a rigid organization to what was now developing into a more dynamic organization. Two key changes were identified:

1. resources and capabilities were now emphasized, which contrasts with previous insistence on structure and control based on predefined models, processes, and working procedures; and
Several challenges were encountered when attempting to develop and maintain long-term dynamic capabilities, however. An example of an internal constraint hindering this change is the financial model. Even though product managers were supposed to be given a stronger mandate to make decisions, financing was still mainly connected to order projects, making project managers the ones with the money, and therefore, those with the muscle. A sourcing manager confirmed that an adjustment of KPIs is required, as KPIs and incentives affect how people act and make decisions. Further, the issue was not lack of resources and competence, but rather the need for suitable configurations and cross-functional collaboration to prevent sub-optimisation. These findings have led to interest in further investigating how to organize to facilitate dynamic capabilities and, specifically, the connection to organizational design. This will be discussed in the following section.

Discussion
By studying this process of change in an organization in real time, the two main findings from the earlier phases of this longitudinal study can be compared with the two key changes identified at the end of the study.

The first main finding was an increasing focus on developing models and processes for product development that focused on optimizing internal controls and coordination, without considering the impact of external factors affecting the organization. Second, the documented work descriptions for customer projects described processes without considering who was doing the work, what competence or experience each individual had, or the combined competence and experience of the project group.

The first key change concerns the resources and capabilities of the organization and how they were emphasized more, which contrasts with the previous insistence on structure and control. Second, the specific context of the organization is now considered, along with the realization of the differences between the firm and other organizations that were previously used for benchmarking. These steps kickstarted the process of becoming a more dynamic organization: the need for change was identified along with the willingness to change. However, the appropriate conditions must be created to achieve sustainable dynamic capabilities—this remains challenging.

Organizational design can create barriers that, although somewhat imperceptible, can impose constraints; this suggests that when constructing an organization, how choices of structure and processes affect actions must be considered. At the start of this study, the organization showed an overreliance on structure and processes, missing the importance of how they are aligned with the people of the organization in terms of individual competences, managerial skills, leadership style, and overall culture (Burton and Obel, 2018). This high reliance on structure and control is particularly problematic in the context of frequent and discontinuous environmental change (Schillke, 2014) and could be the reason behind the organization’s inertia, as well as the cause of difficulties in seizing opportunities and managing changing conditions.

Furthermore, the specific resources and capabilities of the organization were not considered. An example of a process description stating that if the process was executed exactly as described, nothing could go wrong, is proof of this; processes were expected to produce the same result, regardless of who was doing the work. However, these processes do not have agency and cannot take action or produce results independent from the individuals...
working with them. Therefore, managers must not only understand the utility of available resources and how they match external conditions (Brouthers et al., 2008), but also learn to rely on the characteristics and judgments of individuals, as they work both individually and in groups (Felin and Powell, 2016). As one manager emphasized later in the study, managers must create conditions for employees to do good jobs. A concrete example of unsuitable conditions is the presence of organizational structures that hinder organizational learning; this was pointed out by an operations manager who raised concerns regarding the prevailing emphasis on process design within the organization.

This awareness among managers is a step in the right direction. Managerial decisions are made based on how organizational participants perceive the external environment; therefore, it is important to understand that managers’ perceptions of the environment will likely affect their assessment of resource value and decisions regarding organizational design. As organizational structures and coordination choices are not independent, coordination choices are limited once a structure is selected (Burton and Obel, 2018). Limitations in the coordination and reconfiguration of resources and capabilities were evident in the organization. Instead of supporting the project team with the progress of the project, the rigid structure created bureaucracy and non-value-added work. As the findings from the case study show, instead of questioning the design of the stage-gate model, some project managers blamed themselves for issues related to difficulties in strictly following it, as it was described as the correct way of working. This tendency might relate to organizations becoming more formal and gain more authority as they mature, resulting in not only structures, but also cultures, that inhibit innovation and change (Kekäle et al., 2010).

In turbulent business environments where the best path forward may be uncertain, the significance of managers’ beliefs and their skill in leveraging these beliefs to overcome internal resistance and organizational obstacles – as demonstrated by Coltman et al. (2008) – becomes especially crucial. This underscores the fact that organizational performance is not influenced by the mere possession of resources and capabilities, but rather by managers’ decisions on how to utilize these resources and capabilities (Eggers and Kaplan, 2013). Therefore, the key change identified during the case study – that resources and capabilities were emphasized to a larger extent – supports the claim by Katkalo et al. (2010), that the main issue to consider is the importance of managerial competence, the ability to appreciate the usefulness and value of resources, and how they satisfy organizational objectives to generate benefits. This change, along with the realization of the importance of organizational learning in handling unexpected issues, will increase the likelihood of creating matches between a configuration of resources and the external environment, according to changing circumstances.

Conclusions
Going against the notion of preserving theoretical purity, the current research addresses the impact of organizational design in connection to dynamic capability. Additionally, by using a phenomenon-driven research design, it contributes to overcoming the disconnect between theory and practical implications. Organizational design is an enabler of dynamic capabilities; however, if done incorrectly, it could create barriers to change. To answer the research question: How can organizational design enable long-term dynamic capabilities? The following key points must be considered:

- Limitations created by an overreliance on structure and control must be recognized.
  As the findings from the early phases of the study show, this approach can hinder
organizational agility and responsiveness to changing conditions. Therefore, organizational design should move beyond strict structures and processes to enable flexibility and adaptability.

- Structures and processes must align with the people, cultures, and leadership in an organization. Choices made in organizational design should be based on how they impact actions and behaviours within the organization. Managers making decisions must, therefore, be aware of the interplay between structure and people.

- Formalisation and hierarchy that inhibit innovation and change must be avoided. This is a challenge, especially for mature organizations, as they tend to become more formalized and gain more authority.

- The specific resources and capabilities of the organization must be considered in organizational design. Instead of relying solely on predefined models and procedures, processes should incorporate the characteristics, judgments, and abilities of the individuals working in the organization. Managers are responsible for creating conditions that allow employees to perform well and effectively leverage their competencies, as well as enabling organizational learning.

- Managers’ perceptions of the external environment and its impact on organizational design must be understood to influence their assessment of resource values and decisions related to organizational design. It is important to recognize that the organizational structure and possibilities for coordination and resource reconfiguration are interconnected. Therefore, managerial beliefs and decision making play a significant role in enabling long-term dynamic capabilities.

Limitations and future research

This paper presents insights from a longitudinal field study and the changes that occurred in an organization during a five-year study period. Hence, the initial scope of their study was different from that of the present study. To further understand how organizational design enables dynamic capabilities, it would be valuable to investigate specific factors in organizational design that enable coordination and communication, but also flexibility. This may involve focusing on the organizational design itself, the managers’ impact on organizational design and dynamic capabilities, or the people and culture of the organization.

With a specific emphasis on the reconfiguration component of dynamic capabilities, a valuable path for future research is to examine the relationship between organizational structure and possibilities for resource reconfiguration and, more specifically, how different organizational designs facilitate or hinder an organization’s ability to adapt and respond to changing conditions.

To better understand the role of managerial beliefs and decision making in organizational design, future research should focus on how managers’ perceptions of the external environment influence their assessment of resource value and subsequent decisions related to organizational design. This may involve exploring managers’ cognitive processes, biases, and decision-making frameworks.

Future research could also examine different factors related to the interplay between organizational structure and people in the organization. One suggestion is to explore how different cultural and leadership elements influence the effectiveness of organizational design choices and their impact on organizational actions and behaviours. Another suggestion for future research is to examine how organizations and processes can better
incorporate the characteristics, judgments, and abilities of individuals working in the organization, and explore ways to leverage their competences and possibilities for continuous development and learning. This could result in increased knowledge of how to create conditions that allow employees to perform best within the organizational context.

References


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